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IR, RU, AJ

SUBJECT: PRESIDENT ALIYEV DISCUSSES RUSSIA, IRAN, ISLAM,  
AND EUROPE'S UNCLEAR ENERGY POLICY WITH REP. HOEKSTRA

REF: BAKU 264

Classified By: Ambassador Anne E. Derse for Reasons 1.4 (b) and (d).

¶1. (C) Summary: In an April 3 meeting with Representative Hoekstra and the Ambassador, President Ilham Aliyev provided a tour d'horizon of Azerbaijan's foreign policy, regional geopolitics, energy policy and domestic development. Aliyev argued that Azerbaijan was unique, bordered by its former colonial rulers Russia and Iran. Aliyev said that since obtaining independence from the USSR in 1992, Azerbaijan had made great strides to secure its sovereignty and advance its domestic development. He described relations with Russia as predictable but said the Iranian regime was unpredictable, noting that IRI President Ahmadinejad was not "a straightforward man." Aliyev said military action against Iran would be a disaster for Azerbaijan and ultimately counterproductive for the United States. He added that US support in the Muslim world was nonexistent today, largely the result of the Iraq war and the ensuing sectarian violence. Aliyev welcomed Azerbaijan's close partnership with the US on energy and security, highlighting Azerbaijan's increasing role as a regional energy leader, but believed Caspian neighbors Kazakhstan and Turkmenistan were too heavily influenced by Russian policy. Aliyev said that Azerbaijan would deliver gas to the EU this year despite Russian pressure to the contrary. Separately, Aliyev also affirmed his support for USG efforts to secure three New Embassy Compound (NEC) conditional leases, and for USG efforts on behalf of American families seeking to adopt Azerbaijani children. End Summary.

AZERBAIJAN: BETWEEN IRAN AND A HARD PLACE  
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¶2. (C) In a 90-minute meeting with Representative Peter Hoekstra, ranking member of the House Permanent Select Committee on Intelligence, and the Ambassador, President Aliyev stressed that Azerbaijan's geopolitical situation was unique, "the only country bordered by both Russia and Iran." Aliyev described Azerbaijan's relationship with Iran as dominated by the fact that "30 million" ethnic Azeri Iranians comprised the majority population of northern Iran. In this sense, Aliyev opined, Azerbaijan was "a nation divided" not of its own volition but by the actions of previous "colonial rulers," the Persians and more recently the Soviets. The historical effect of these "colonizations" and the geographic location of modern Azerbaijan, sandwiched between its former colonial rulers, had, in Aliyev's assessment, profoundly shaped Azerbaijan's foreign policy: protecting and consolidating Azerbaijan's sovereignty as a free and independent country was the GOAJ's paramount objective.

THE IRANIANS ARE COMING...TO OUR DISCOS

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13. (C) Aliyev said that immediately following Azerbaijan's independence in 1992, Iran's influence within Azerbaijan began to grow quickly, the result of the IRI's deliberate export of its theocratic nationalism. Aliyev said that during the early 1990s the IRI's policies led to an increase in the number of Iranian Mullahs proselytizing in Azerbaijan and the widespread dissemination of Iranian propaganda, and with it, the more conservative Iranian version of Shiite Islam. Aliyev placed the blame for Iran's early 1990s role squarely on Azerbaijan's first post-Soviet government (led by then President Elchibey) and its "unprofessionalism," which played into the Iranians hands. Aliyev added that Iranian influence at that time was especially pronounced in Karabakh refugee communities where impoverished conditions prevailed.

14. (C) Aliyev contended that the strong policies of the past 15 years had successfully turned this situation around. Life was better, Aliyev remarked, in Azerbaijan than in Iran today and "their people are coming here" because "our women don't wear headscarves and our men are free to drink and dance at discotheques." Aliyev added that Westerners born into free societies "could not understand how much being free" means for Azerbaijanis. Today, Aliyev commented, Azerbaijan had predictable relations with both neighbors, especially Russia, and he underscored that these relations were formed on the basis on equality and mutual interest not subservience. Aliyev added that just as they (Russian and Iran) "could create problems for us, we can create problems for them too," which contributed to the reliable nature of present-day bilateral relations with Moscow and Tehran.

ALIYEV STRONGLY AGAINST AN ATTACK ON IRAN

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15. (C) Aliyev laughed when Hoekstra asked him to assess Ahmadinejad's intentions, opining that "frankly, nobody knows." He prefaced his comments on Iran saying that the US war in Iraq had had a negative impact throughout the region but waved off further criticism, noting that "what happened, happened." Aliyev emphasized that a similar US-led attack on Iran would "be a disaster for us" on two levels. First, Aliyev said, Ahmadinejad told him that "Iran would attack countries from where it was attacked." Second, Aliyev said that he feared the flood of refugees that would cross the border into Azerbaijan. In Aliyev's assessment, "if only ten percent of the ethnic Azeri population" crossed the border, "Azerbaijan will end." Azerbaijan, Aliyev stressed, lacked the ability to absorb such a large refugee population, and moreover, Iranians - even ethnic Azeris - would bring with them Iran's Islamic culture which would irrevocably change Azerbaijan for the worse.

16. (C) Aliyev emphasized that Azerbaijan is "strongly against an attack on Iran." He noted that Iran has a strong army and military infrastructure that produces its own weaponry. Moreover, in Aliyev's view, an attack on Iran would only strengthen hard-liners in the regime. Aliyev's counterparts in the region have told him that an attack on Iran would strengthen Iran's position in the Muslim world. Aliyev cited the Saddam Hussein execution as an example, arguing that it had turned Hussein into a hero throughout the Muslim world despite common knowledge of the heinous crimes and human rights violations for which he was responsible. Aliyev further added that many (without specifying who) in Iran were frightened of the prospect of a US invasion, evidenced, he opined, by the increase in the number of Iranians moving across the border, buying property in Baku. Aliyev said that former Iranian Ambassador to Baku, Afshar Suleymani, asked him for permission to return to Baku and work in the future during his farewell call (reftel) and further that Suleymani had left his wife and family behind in Baku.

¶7. (C) Aliyev remarked that he was not sure how the US should proceed in handling Iran; if the US makes concessions in the negotiation process, the IRI's position will be stronger. However, alternatives, Aliyev opined, were not at all clear. US policy toward Iran over the past two decades has not, Aliyev argued, been able to isolate the country because of Iran's continuing relations with the rest of the world and because of its successful propaganda campaigns. Aliyev commented that President Bush has already issued an ultimatum to Iran that expired in August 2006 and "now we are in April 2007" and "nothing has happened." Moreover, Aliyev noted, Iran has oil and "nothing can stop oil."

¶8. (C) Russia, Aliyev added, was interested in taking advantage of the US-Iran dispute. However, Aliyev added, President Putin privately told him recently that Russia also "does not want to appear that it is supporting them," a comment Aliyev said he believed to be sincere. China, Aliyev said, had its own policy of "very wisely" not interfering in the US-Iran dispute. Aliyev stressed that the Muslim world was uniformly unhappy with the US policy and the "US had no allies now" in the Muslim world, "even among those who were loyal."

#### IRANIAN LEADERSHIP DIVIDED AND UNPREDICTABLE

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¶9. (C) Aliyev said that Ahmadinejad shared a great deal in common with Iran's religious leadership but that "we have information" about increasing "irritation" between the two camps. Aliyev said that Ahmadinejad was neither simple nor stupid and is not a straightforward person. Aliyev said that Ahmadinejad "speaks constantly of war and military matters" when the two meet; a stark contrast to Ahmadinejad's predecessor, former President Khatami with whom Aliyev said he used to discuss literature and poetry. Aliyev cautioned that as a result of its internal political structure and personalities at the top, both Ahmadinejad and the IRI were unpredictable, proven recently by the detention and release of the 15 British marines. Aliyev revealed that he has told Ahmadinejad that his language on the international stage was needlessly inflammatory, but that Ahmadinejad replied "You should be happy, because of my words the price of oil goes up." Aliyev stressed that Iran had no political process or grassroots political movements.

¶10. (C) Aliyev said that while Islamic radicalism was not an imminent threat to Azerbaijan "we do have some concerns".

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Aliyev reported that GOAJ security services recently had detained "terrorists" in Azerbaijan who were naturalized EU citizens carrying British passports. However, more alarming, Aliyev said, was the recent arrest of a group of homegrown Islamic radicals who were found to have been well educated and employed by prestigious companies. In this connection, Aliyev commented, Wahabbism, imported from Dagestan, was more dangerous to Azerbaijan than Iranian influence from the south. In any event, Aliyev noted, it was not possible to secure the "thousand kilometer" border between Iran and Azerbaijan even with the most sophisticated technologies.

#### DEMOCRACY PROMOTION DOESN'T WORK IN THE MUSLIM WORLD

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¶11. (C) Aliyev told Hoekstra that the Western media was all too often prone to using the word "Islamists" to refer to Islamic fundamentalists and that this sort of mistake, however seemingly small, exacerbated Muslim negative perceptions of Western attitudes toward Islam. Aliyev counseled that the US should not try to reform the Muslim world because it was simply too different a culture. Noting that Azerbaijan was equally comfortable between the West and the Muslim world, Aliyev commented that "pushing reform in the Muslim world only leads to Hamas and Hezbollah." Furthermore, it was wrong for the US to extrapolate from its

experience that it could impose democracy in Iraq or elsewhere in the Middle East as a matter of policy. The Muslim world, Aliyev contended, was a centuries old culture, tradition and ideology that was not compatible with rapid democratization: "Who can change the Saudis or the Afghans?"

¶12. (C) Aliyev remarked that a recent survey in Afghanistan (note: source unknown) pointed to the fact that most Afghans would support a restoration of the Taliban government because it provided "law and order." Aliyev argued that the historical and cultural heritage of the Muslim world tended to restrict or retard political and economic development. He added that "only Malaysia came to mind" when he tried to think of a developed Muslim country. Aliyev said that very mild, peripheral initiatives were the only possible steps that could be taken with these societies - youth exchanges, scientific conferences and sports events.

¶13. (C) Aliyev underscored that there was a great deal of sensitivity within Muslim societies to the notion that outsiders perceived Islam as a repressive religion. Sectarian violence in Iraq had only exacerbated this sensitivity. Conversely, Aliyev said he was proud of the fact that Azerbaijani Muslims, Shiite or Sunni, worshipped together in the same Mosques. He noted that he did not even know the religious denomination of any members of his cabinet and did not want to know. Azerbaijan, Aliyev said, was now building a new Catholic Church which was further evidence that while this was a Muslim majority country, it was not an Islamic society.

FROM RUSSIA WITH LOVE  
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¶14. (C) Turning north, Aliyev said that Armenia, Uzbekistan and Kazakhstan were strongly under Russian influence, embodied by their participation in Russia's Common Defense Federation treaty. The Baltic states, by contrast, he said, have NATO. Georgia and Ukraine, Aliyev remarked, were aligned with the US and "until recently, we were on our own" but "because of our partnership with the US that had now changed." Aliyev said he was "very satisfied" with Azerbaijan's relations with the US and the EU, highlighting the recent EU Neighborhood Action Plan and new US-Azerbaijan Memorandum of Understanding (MOU) on Energy Cooperation signed in Washington by the Secretary and Foreign Minister Mammadyarov.

¶15. (C) Assessing Russia's regional influence, Aliyev said that many countries - unlike Azerbaijan - lived in fear of the Russian monopoly. Aliyev remarked that, during a recent state visit to Azerbaijan, the Polish president told him that Poland planned to organize a regional energy summit in May in Warsaw. Although the Poles had invited President Nazarbayev, he reportedly said that he would come only on the condition that Putin received an invitation also. Aliyev noted that Russia's influence over Kazakhstan was very strong, largely because Kazakhstan has had only one route to transport its energy resources westward - through Russia. However, Aliyev remarked, Azerbaijani diplomacy will make it possible for the Kazakhs to transit their energy resources through Azerbaijan to the EU and, he argued, undercut Russian's energy transit

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monopoly. Similarly, Aliyev bemoaned the fact that Turkmenistan had contracted 100 percent of its gas reserves to Gazprom, selling it to Russia at USD 100 per thousand cubic meters which in turn the Russians were selling to Europe at two-and-a-half times this price.

¶16. (C) Aliyev opined that, of all the countries in the region, Azerbaijan has legitimate reason to feel vulnerable to Russian influence because it was exposed to Russia through Moscow's participation in the OSCE Minsk Group. Aliyev noted that Azerbaijan was once also entirely dependent on Russian transit routes through the Port of Novorossisk but that it

was necessary for countries to break the habit. This fear of Russia must be overcome. Aliyev opined that Azerbaijan nonetheless maintained normal relations with Russia although Russia was clearly upset with the BTC and the SCP because Russia would prefer to have the region's countries sell their oil to Russia which it in turn would resell to the West at a higher price. Turkmenistan and Kazakhstan "should be more courageous."

#### EU ENERGY POLICY: IT'S GREEK TO ME

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¶17. (C) Aliyev affirmed that Azerbaijan would supply the EU with gas by the end of 2007. However, because of technical failures for which BP was responsible, the GOAJ would not be able to supply the quantity of gas it had hoped for in 2007 to Greece. Nonetheless, Aliyev said he believed it was symbolically important for Azerbaijan to deliver on its promise to supply this gas to the EU in 2007 and in 2008 it would increase the quantity as greater delivery became technically feasible. Turkey, he noted, had already committed to setting aside an agreed upon percentage of Azerbaijan gas exports for Greece this year and Aliyev remarked this set-aside would happen despite increased pressure from Russia to prevent this. However, Aliyev cautioned that Azerbaijan could only be as active as the Turkmen and Kazakhs want "us" to be since it is their resources that would be delivered.

¶18. (C) Aliyev lamented Greece and Bulgaria's recent decisions to obtain energy supplies through a Russian pipeline, commenting that Athens' energy policy was an odds with the EU's energy policy and with its own best interests. Aliyev similarly opined that Germany also seemed determined to restrict its energy supplier base even further by receiving its gas supplies from the Baltic states through a Russian-controlled pipeline. Aliyev stressed that this gave Russia a remarkable degree of leverage over the EU's most powerful country as well as over the Baltic States and it further underscored Azerbaijan's utility as an alternate energy supplier along the East-West corridor. The time for European action was now, said Aliyev, as other energy rich countries like Egypt and Algeria were organizing themselves into cartels. Aliyev wondered aloud why Azerbaijan "worked so hard to create additional headaches for itself" through its forward-leaning energy policies since Azerbaijan will soon produce over a million barrels of oil per day, more than enough, Aliyev noted, to meet its own needs. Aliyev underscored that the EU energy goal and policies needed greater clarity and soon.

#### AZERBAIJAN, A REGIONAL LEADER

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¶19. (C) Underscoring Azerbaijan's growing regional leadership role, Aliyev said he would shortly host the prime ministers of Georgia, Kazakhstan (and GOAJ PM Rasizade) to discuss further steps on regional energy cooperation. Such events, Aliyev noted, were "not held here by chance" but rather reflected the GOAJ leadership role in bringing the people and countries of this region together. Aliyev characterized the US, EU and GOAJ as united on energy development objectives for the region, adding that with USG support, Azerbaijan will soon become a gas supplier to the EU which will diversify the EU's supplier base and begin to change the region's geopolitics.

¶20. (C) Asked by Representative Hoekstra about his view of Turkmenistan, Aliyev said that late Turkmen President Niyazov was aggressive, citing Turkmenistan's decade long claim on Azerbaijani oil fields in the south Caspian. However, Aliyev said, the new Turkmen leadership was showing some positive signs of cooperation and Foreign Minister Mammadyarov plans to travel to Ashgabat on an official visit later this month. (Mammadyarov subsequently told us the visit was postponed to May, dates TBD, due to President Berdimukhamedov's planned travel to Saudi Arabia, septel.)



¶21. (C) Aliyev also told Representative Hoekstra that Azerbaijan was too often subject to unwarranted rhetorical attacks from some American politicians such as Congressmen Pallone and Knollenberg, whom Aliyev described as part of the Armenian lobby. Congressman Hoekstra told Aliyev that there are members who did not know Azerbaijan, not members who were against Azerbaijan. Hoekstra added that he would talk to Congressman Knollenberg upon return to Washington and encourage him to visit Baku, which Aliyev welcomed.

#### A ROSY PICTURE AT HOME?

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¶22. (C) On economic development, Aliyev highlighted Azerbaijan's exceptional growth rate, the fastest in the world. Aliyev also said that Azerbaijan was a leader of British Prime Minister's Blair's Extractive Industries Transparency Initiative (EITI). Aliyev told Hoekstra that 81 percent of real estate in Azerbaijan was held by the private sector. On the political front, Aliyev said he had pardoned all the persons from the Council of Europe's 2004 political prisoners list. Aliyev claimed that literacy was almost 100 percent and that he had launched initiatives to get computers and Internet access into every classroom.

¶23. (C) In an often heard refrain, Aliyev said that the current crop of opposition party leaders are the same people who have been around since the early 1990s, who can see no good in Azerbaijan's economic progress. However, Aliyev said he believed these criticisms were not shared by wider society although far too many people (20 percent) still lived below the poverty line. Aliyev contended that in total, Azerbaijan was no less developed than other societies in transition such as Georgia and Ukraine. Aliyev commented that unlike Belgium and the Netherlands, Azerbaijan was bordered by Russia and Iran and that neither Belgium nor the Netherlands would have developed into flourishing democracies quickly under those circumstances. Aliyev said that more cooperation with the West, especially through NATO was, in this regard, welcome and makes Azerbaijan "feel protected." Aliyev said that he was "proud and satisfied with what had been done" thus far in Azerbaijan.

#### ALIYEV AFFIRMS ACTION ON THE NEC AND ADOPTION CASES

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¶24. (C) Separately, the Ambassador underscored to Aliyev the need to obtain conditional leases as soon as possible for New Embassy Compound (NEC) sites since the previously offered NEC location has been aborted. Aliyev said that he would instruct Presidential aide Ali Asadov to come up with the detailed conditional leases for the three properties under consideration right away, with the understanding that the USG would only take one site. The Ambassador also asked Aliyev for his further assistance in resolving several outstanding child adoption cases stymied by the GOAJ bureaucracy. Aliyev agreed and instructed presidential foreign relations advisor Novruz Mammadov to take action.

¶25. (U) Representative Hoekstra did not clear this message.  
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